

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION  
of the 109<sup>th</sup> Congress<sup>1</sup>**

[Date approved: September 28, 2005]<sup>2</sup>

**Bill No. and sponsor:** H.R. 1925 (Mr. Hulshof).

**Proponent name, location:** Ford Motor Corp.  
Dearborn, MI.

**Other bills on product (109<sup>th</sup> Congress only):** None.

**Nature of bill:** Temporary duty suspension through Dec. 31, 2008.

**Retroactive effect:** None.

**Suggested article description for enactment (including appropriate HTS subheading):**

Static converters capable of converting 300 V direct current to 12 V direct current, designed for use in hybrid motor vehicles of heading 8703 (provided for in subheading 8504.40.95).

**Check one:**    ☐ Same as that in bill as introduced  
                  ☒ Different from that in bill as introduced (see Technical Comments section)

**Product information, including uses/applications and sources of imports:**

The DC-to-DC converters covered by this legislation employ various solid-state components, including step-down transformers, to convert high-voltage (over 300 volts) direct current (DC) derived from a high voltage nickel-metal hydride battery source into low-voltage DC (12-14 volts). The low-voltage output of these converters is used to power the low-voltage electrical components and systems (lights, radios, power windows, etc.) of a hybrid motor vehicle. Imports of these electrical components will reportedly be sourced by the proponent exclusively from Japan.

<sup>1</sup> Industry analyst preparing report: John Cutchin (202-205-3396); Tariff Affairs contact: Jan Summers (202-205-2605).

<sup>2</sup> Access to an electronic copy of this memorandum is available at [http://usitc.gov/tata/hts/other/rel\\_doc/bill\\_reports/index.htm](http://usitc.gov/tata/hts/other/rel_doc/bill_reports/index.htm)

**Estimated effect on customs revenue:** <sup>3</sup>

<b>HTS subheading: <u>8504.40.95</u></b>					
	2005	2006	2007	2008	2009
Col. 1-General rate of duty	1.5%	1.5%	1.5%	1.5%	1.5%
Estimated value <i>dutiable</i> imports	\$5,250,000	\$5,250,000	\$5,500,000	\$5,500,000	\$5,500,000
Customs revenue loss	\$78,750	\$78,750	\$82,500	\$82,500	\$82,500

Source of estimated dutiable import data: Industry and Commission staff estimates.

**Contacts with domestic firms/organizations (including the proponent):**

Name of firm/organization	Date contacted	US production of same or competitive product claimed?	Submission attached?	Opposition noted?
		(Yes/No)		
Ford Motor Co. (Proponent) Steve Chorian, 313-845-5610 Ramel Gilliland, 313-845-8019 Anand Sankaran, 313-390-8689	8/03/2005	No	No	No
National Electrical Manufacturers Assoc. John Meakem, 703-841-3243	8/02/2005	No	No	No

**Technical comments:**<sup>4</sup>

As drafted, the bill uses the term “(rectifiers)” after “Static converters,” giving the impression that the static converters in question perform a rectifying function (the conversion of alternating current (AC) to pulsating direct current (DC)) within the electrical system of a hybrid motor vehicle. In fact, the principal function of these converters is to reduce high-voltage (300 volts) DC to low-voltage DC for use by the

<sup>3</sup> Both Toyota and Nissan have announced plants to start manufacturing hybrid vehicles in the United States in 2006; Toyota will build up to 48,000 hybrid Camry vehicles in Georgetown, KY, by late 2006. Ford plans to add three hybrid models to its current hybrid line-up by 2008. The estimated import value and revenue loss provided in this report do not reflect any increase in imports that may result from this future production. However, the value of U.S. imports—and consequently the revenue loss—may increase if these manufacturers import components that are classified within this proposed heading for their U.S. hybrid vehicle production.

<sup>4</sup> The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only the U.S. Customs Service is authorized to issue a binding ruling on this matter. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

accessory components (lights, radio, power windows, etc.) of such vehicles. It is thus recommended that this term be eliminated from the item description as it is not technically accurate. With respect to the descriptor “hybrid,” which is not defined in the bill or in a legal provision of the HTS, no additional criteria are suggested because no confusion about the nature of these vehicles has been noted during the preparation of this report.

109TH CONGRESS  
1ST SESSION

# H. R. 1925

To suspend temporarily the duty on converter asy.

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IN THE HOUSE OF REPRESENTATIVES

APRIL 27, 2005

Mr. HULSHOF introduced the following bill; which was referred to the  
Committee on Ways and Means

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## A BILL

To suspend temporarily the duty on converter asy.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. CONVERTER ASY.**

4 (a) IN GENERAL.—Subchapter II of chapter 99 of  
5 the Harmonized Tariff Schedule of the United States is  
6 amended by inserting in numerical sequence the following  
7 new heading:

“	9902.85.01	Static converters (rectifiers) capable of converting 300 V direct current to 12 V direct current, designed for use in hybrid motor vehicles of heading 8703 (provided for in subheading 8504.40.95) ..	Free	No change	No change	On or before 12/31/2008	”.
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1       (b) EFFECTIVE DATE.—The amendment made by  
2 subsection (a) applies to goods entered, or withdrawn from  
3 warehouse for consumption, on or after the 15th day after  
4 the date of enactment of this Act.

